

OLIN CONSOLIDATED SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS

JUNE 30, 2014

OLIN CONSOLIDATED SCHOOL DISTRICT
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OLIN CONSOLIDATED SCHOOL DISTRICT

Officials

June 30, 2014

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
Kevin Hirl	Board President	2015
Tina Meyer	Board Member	2013
Rosanne Brown	Board Member	2013
Terry Hamilton	Board Member	2015
Renae Hansen	Board Member	2015
(After September 2013 Election)		
Kevin Hirl	Board President	2015
Terry Hamilton	Board Member	2015
Renae Hansen	Board Member	2015
Mike Hansen	Board Member	2017
Rosanne Brown	Board Member	2017
School Officials		
Sharon Dickman	Superintendent	2014
Carrie Fortin	District Secretary/Treasurer and Business Manager	Indefinite
Ahlers & Cooney, P.C.	Attorney	Indefinite

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Independent Auditor's Report

To the Board of Education
Olin Consolidated School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Olin Consolidated School District, Olin, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Olin Consolidated School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 14 and 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Olin Consolidated School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 23, 2015 on my consideration of Olin Consolidated School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Olin Consolidated School District's internal control over financial reporting and compliance.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
March 23, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Olin Consolidated School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,711,989 in fiscal 2013 to \$2,819,204 in fiscal 2014, and General Fund expenditures increased from \$2,565,107 in fiscal 2013 to \$2,738,017 in fiscal 2014. The District's General Fund balance increased from \$(41,149) in fiscal 2013 to \$40,038 in fiscal 2014, a 198% increase.
- The increase in General Fund revenues was attributable to the following: Pre-School funding started and the Tuition In increased. The increase in expenditures was attributed to the following: Reduction in staff.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Olin Consolidated School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Olin Consolidated School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Olin Consolidated School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor Governmental Funds and nonmajor Enterprise Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

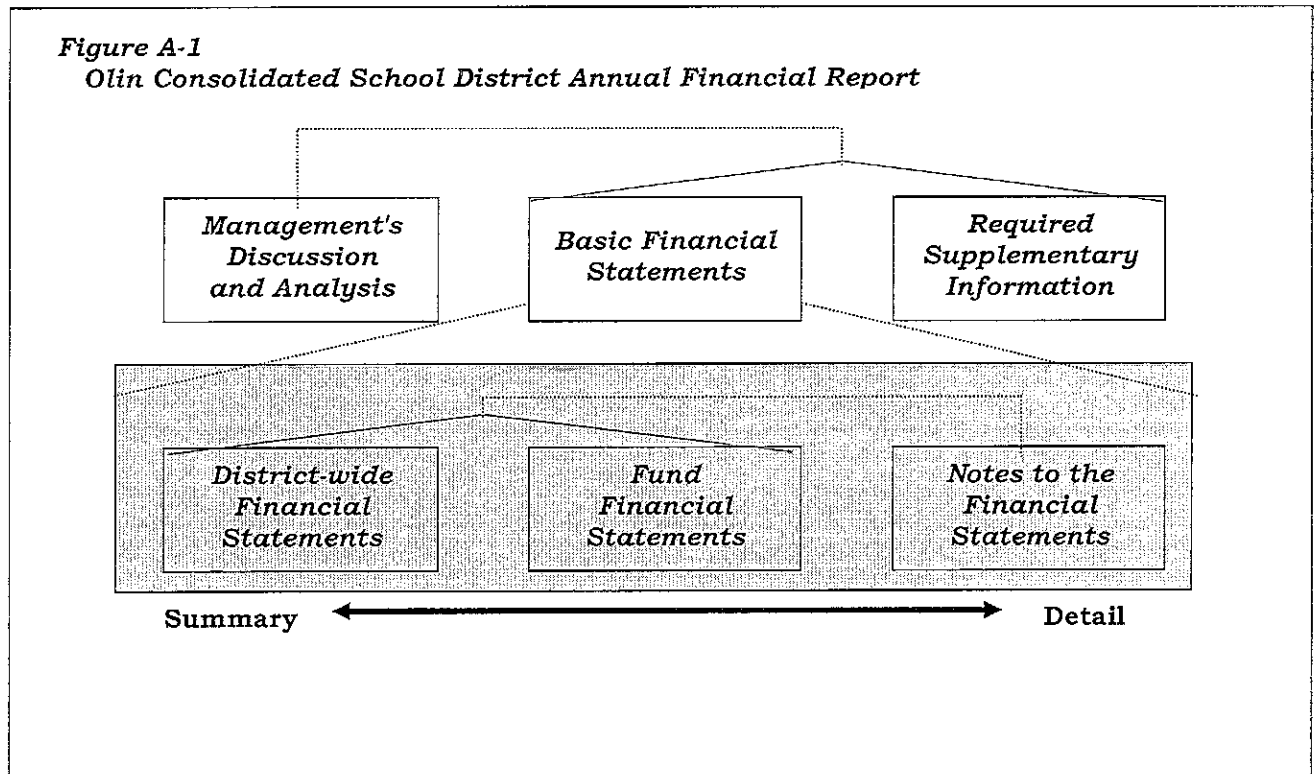


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and preschool	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program and preschool program are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds and Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, is the same as its business type activity, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and Preschool Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) *Fiduciary fund*: The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a Private-purpose Trust Fund.

- Private-purpose Trust Fund - The District accounts for outside donations for scholarships for individuals in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	\$ 2,656,043	\$ 2,469,600	\$ 4,559	\$ 4,626	\$ 2,660,602	\$ 2,474,226	7.53%
Capital assets	<u>1,615,188</u>	<u>1,600,505</u>	<u>19,195</u>	<u>20,826</u>	<u>1,634,383</u>	<u>1,621,331</u>	0.81%
Total assets	<u>4,271,231</u>	<u>4,070,105</u>	<u>23,754</u>	<u>25,452</u>	<u>4,294,985</u>	<u>4,095,557</u>	4.87%
Long-term liabilities	69,628	48,748	-	-	69,628	48,748	42.83%
Other liabilities	<u>396,338</u>	<u>520,410</u>	<u>48,864</u>	<u>14,050</u>	<u>445,202</u>	<u>534,460</u>	-16.70%
Total liabilities	<u>465,966</u>	<u>569,158</u>	<u>48,864</u>	<u>14,050</u>	<u>514,830</u>	<u>583,208</u>	-11.72%
Deferred inflows of resources	<u>1,413,871</u>	<u>1,161,972</u>	-	-	<u>1,413,871</u>	<u>1,161,972</u>	21.68%
Net Position							
Net investment in							
capital assets	1,615,188	1,600,505	19,195	20,826	1,634,383	1,621,331	0.81%
Restricted	910,330	865,359	-	-	910,330	865,359	5.20%
Unrestricted	<u>(134,124)</u>	<u>(126,889)</u>	<u>(44,305)</u>	<u>(9,424)</u>	<u>(178,429)</u>	<u>(136,313)</u>	36.3%
Total Net Position	<u>\$ 2,391,394</u>	<u>\$ 2,338,975</u>	<u>\$(25,110)</u>	<u>\$ 11,402</u>	<u>\$ 2,366,284</u>	<u>\$ 2,350,377</u>	0.68%

The District's combined net position increased by approximately 1%, or \$15,907, over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$44,971, or approximately 5% over the prior year. The increase was primarily in the LOSST Fund. The final payment on the 2004 addition was made along with other remodeling projects.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$42,116, or approximately 36%. This decrease in unrestricted net position was a result of the District's reduction in staff.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4
Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Change
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues							
Program revenues							
Charges for service	\$ 90,538	\$ 117,724	\$ 30,617	\$ 22,884	\$ 121,155	\$ 140,608	-13.83%
Operating grants, contributions & restricted interest	410,912	421,444	45,629	54,647	456,541	476,091	-4.11%
General revenues							
Property tax	1,472,741	1,315,124	-	-	1,472,741	1,315,124	11.98%
Statewide sales, services and use tax	201,449	221,522	-	-	201,449	221,522	-9.06%
Unrestricted state grants	1,028,934	1,040,996	-	-	1,028,934	1,040,996	-1.16%
Unrestricted investment earnings	196	192	-	-	196	192	2.08%
Other	27,018	11,527	-	-	27,018	11,527	134.39%
Special item	5,203	-	3,932	1,654	9,135	1,654	452.30%
Total revenues	<u>3,236,991</u>	<u>3,128,529</u>	<u>80,178</u>	<u>79,185</u>	<u>3,317,169</u>	<u>3,207,714</u>	3.41%
Program expenses							
Governmental activities							
Instruction	2,095,865	1,995,451	-	-	2,095,865	1,995,451	5.03%
Support services	783,741	742,119	-	-	783,741	742,119	5.61%
Non-instructional programs	6,333	6,081	116,690	90,215	123,023	96,296	27.76%
Other	<u>298,633</u>	<u>194,495</u>	<u>-</u>	<u>-</u>	<u>298,633</u>	<u>194,495</u>	53.54%
Total expenses	<u>3,184,572</u>	<u>2,938,146</u>	<u>116,690</u>	<u>90,215</u>	<u>3,301,262</u>	<u>3,028,361</u>	9.01%
Change in net position	52,419	190,383	(36,512)	(11,030)	15,907	179,353	-91.13%
Net position, beginning of year	<u>2,338,975</u>	<u>2,148,592</u>	<u>11,402</u>	<u>22,432</u>	<u>2,350,377</u>	<u>2,171,024</u>	8.26%
Net position, end of year	<u>\$ 2,391,394</u>	<u>\$ 2,338,975</u>	<u>\$ (25,110)</u>	<u>\$ 11,402</u>	<u>\$ 2,366,284</u>	<u>\$ 2,350,377</u>	0.68%

In fiscal 2014, property tax and unrestricted state grants account for approximately 78% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 95% of the revenue from business type activities.

The District's total revenues were \$3,317,169 of which \$3,236,991 was for governmental activities and \$80,178 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3% increase in revenues and a 9% increase in expenses. From FY12 to FY13 the District had a slight increase in enrollment and also increased the cash reserve levy by \$64,000. The District did some staff reductions also which decreased our expenditures.

Governmental Activities

Revenues for governmental activities were \$3,236,991 and expenses were \$3,184,572 for the year ended June 30, 2014. The District continued class sharing arrangements and staff sharing with neighboring districts. The District made additional staff reductions to balance revenue and expenditures.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2014 compared to June 30, 2013.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-2014	2014	2013	Change 2013-2014
Instruction	\$ 2,095,865	\$ 1,995,451	5.0%	\$ 1,697,167	\$ 1,546,450	9.7%
Support services	783,741	742,119	5.6%	776,344	741,941	4.6%
Non-instructional programs	6,333	6,081	4.1%	6,333	6,081	4.1%
Other	<u>298,633</u>	<u>194,495</u>	53.5%	<u>203,278</u>	<u>104,506</u>	94.5%
Total	<u>\$ 3,184,572</u>	<u>\$ 2,938,146</u>	8.4%	<u>\$ 2,683,122</u>	<u>\$ 2,398,978</u>	11.8%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$90,538.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$410,912.
- The net cost of governmental activities was financed with \$1,674,190 in property and other taxes and \$1,028,934 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2014 were \$80,178 representing a 2% increase over the prior year while expenses totaled \$116,690, a 30% increase over the prior year. The District's business type activities include the School Nutrition and Preschool Funds. Revenue was down because during FY11 an ARRA Grant of \$11,174 was received that did not occur in FY12. The expenses also decreased by the same amount along with staff reductions.

INDIVIDUAL FUND ANALYSIS

As previously noted, Olin Consolidated School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$739,005, well above last year's ending fund balances of \$685,993. LOSST and PPEL fund balances decreased a total of \$140,331 due to the final debt payment and remodeling projects.

Governmental Fund Highlights

- The General Fund balance increased from \$(41,149) in 2013 to \$40,038 in 2014, due to staff reductions.
- The Statewide Sales, Services and Use Tax Fund balance decreased to \$472,836 in 2014 from \$537,293 in 2013 due to revenues being down by \$24,400 and remodeling projects done in FY12.

Proprietary Fund Highlights

Enterprise Fund net position decreased from \$11,402 at June 30, 2013 to \$(25,110) at June 30, 2014, representing a decrease of approximately 320%. For fiscal 2013, the District increased meal prices by 10 cents. The District continued its ala carte options to provide students with the option of salad bar at lunch.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2014, Olin Consolidated School District did not amend its annual budget.

The District's revenues were \$120,116 more than budgeted revenues, a variance of approximately 4%. The most significant variance resulted from less local and state sources than projected.

Total expenditures were \$108,170 more than budgeted, due primarily to the District's budget for all funds. It is the District's practice to budget expenditures at the maximum authorized spending authority for all funds. The District then manages or controls spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction and other expenditures functional areas, as well as in total, due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$1,634,383, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of less than 1% over last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$80,360.

The original cost of the District's capital assets was \$3,578,575. Governmental funds account for \$3,524,682, with the remainder of \$53,893 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the site improvements category. The District's site improvements category was \$33,904 at June 30, 2013 compared to \$61,621 at June 30, 2014. The increase was a result of the annual depreciation expense.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2013- 2014</u>
Land and improvements	\$ 61,296	\$ 61,296	\$ -	\$ -	\$ 61,296	\$ 61,296	0.00%
Buildings and improvements	1,208,550	1,240,392	-	-	1,208,550	1,240,392	-2.57%
Site improvements	61,621	33,904	-	-	61,621	33,904	81.75%
Furniture and equipment	<u>283,721</u>	<u>264,913</u>	<u>19,195</u>	<u>20,826</u>	<u>302,916</u>	<u>285,739</u>	6.01%
Totals	<u>\$1,615,188</u>	<u>\$1,600,505</u>	<u>\$19,195</u>	<u>\$20,826</u>	<u>\$1,634,383</u>	<u>\$1,621,331</u>	0.81%

Long-Term Debt

At June 30, 2014, the District had \$69,628 in total long-term debt outstanding. This represents an increase of approximately 43% over last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$4 million.

Figure A-7

Outstanding Long-term Obligations

	Total District		Total Change
	<u>2014</u>	<u>2013</u>	<u>2013-2014</u>
Termination benefits	\$22,922	\$ 11,849	93.45%
Net OPEB liability	<u>46,706</u>	<u>36,899</u>	26.58%
Totals	<u>\$69,628</u>	<u>\$ 48,748</u>	42.83%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District experienced an increase in enrollment. The District's enrollment in September 2013 increased by 16.1 which will affect the 13-14 budget.
- Wage settlements with the Olin Education Association (OEA) average 4% increase annually. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- Starting with the 2013-13 school year the school district has entered into a three year whole-grade sharing agreement for grades 7-12 to attend the Anamosa Community School. This sharing has allowed for staff reductions and cost savings.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carrie Fortin, District Secretary/Treasurer and Business Manager, Olin Consolidated School District, 212 Trilby Street, PO Box 320, Olin, IA 52320.

Basic Financial Statements

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 900,460	\$ -	\$ 900,460
Receivables			
Property tax			
Delinquent	30,638	-	30,638
Succeeding year	1,413,871	-	1,413,871
Accounts receivable	648	243	891
Income surtax	106,829	-	106,829
Due from other governments	162,172	1,626	163,798
Due from other fund	41,425	-	41,425
Inventories	-	2,690	2,690
Non-depreciable capital assets	61,296	-	61,296
Capital assets, net of accumulated depreciation	<u>1,553,892</u>	<u>19,195</u>	<u>1,573,087</u>
Total assets	<u>4,271,231</u>	<u>23,754</u>	<u>4,294,985</u>
Liabilities			
Accounts payable	7,411	-	7,411
Salaries and benefits payable	129,225	6,875	136,100
Due to other fund	-	41,425	41,425
Due to other governments	259,702	-	259,702
Unearned revenue	-	564	564
Long-term liabilities			
Portion due within one year			
Termination benefits payable	22,922	-	22,922
Portion due after one year			
Net OPEB liability	<u>46,706</u>	<u>-</u>	<u>46,706</u>
Total liabilities	<u>465,966</u>	<u>48,864</u>	<u>514,830</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	<u>1,413,871</u>	<u>-</u>	<u>1,413,871</u>
Net Position			
Net investment in capital assets	1,615,188	19,195	1,634,383
Restricted for			
Categorical funding	234,285	-	234,285
Student activities	31,074	-	31,074
Management levy purposes	47,780	-	47,780
Physical plant and equipment	105,870	-	105,870
Public education and recreation	18,485	-	18,485
School infrastructure	472,836	-	472,836
Unrestricted	<u>(134,124)</u>	<u>(44,305)</u>	<u>(178,429)</u>
Total net position	<u>\$ 2,391,394</u>	<u>\$(25,110)</u>	<u>\$2,366,284</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2014

Exhibit B

Functions/Programs Governmental activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Instruction							
Regular instruction	\$ 1,407,565	\$ 56,105	\$ 265,888	\$ -	\$ (1,085,572)	\$ -	\$ (1,085,572)
Special instruction	557,491	24,540	33,472	-	(499,479)	-	(499,479)
Other instruction	130,809	9,010	9,683	-	(112,116)	-	(112,116)
	<u>2,095,865</u>	<u>89,655</u>	<u>309,043</u>	<u>-</u>	<u>(1,697,167)</u>	<u>-</u>	<u>(1,697,167)</u>
Support services							
Student	60,117	-	6,514	-	(53,603)	-	(53,603)
Instructional staff	22,020	-	-	-	(22,020)	-	(22,020)
Administration	281,013	-	-	-	(281,013)	-	(281,013)
Operation and maintenance of plant	247,531	-	-	-	(247,531)	-	(247,531)
Transportation	173,060	883	-	-	(172,177)	-	(172,177)
	<u>783,741</u>	<u>883</u>	<u>6,514</u>	<u>-</u>	<u>(776,344)</u>	<u>-</u>	<u>(776,344)</u>
	<u>6,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,333)</u>	<u>-</u>	<u>(6,333)</u>
Non-instructional programs							
Other expenses							
Facilities acquisition	164,510	-	-	-	(164,510)	-	(164,510)
AEA flowthrough	95,355	-	95,355	-	-	-	-
Depreciation (unallocated) *	38,768	-	-	-	(38,768)	-	(38,768)
	<u>298,633</u>	<u>-</u>	<u>95,355</u>	<u>-</u>	<u>(203,278)</u>	<u>-</u>	<u>(203,278)</u>
Total governmental activities	<u>3,184,572</u>	<u>90,538</u>	<u>410,912</u>	<u>-</u>	<u>(2,683,122)</u>	<u>-</u>	<u>(2,683,122)</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2014

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<u>Functions/Programs (continued)</u>							
Business type activities							
Non-instructional programs							
Food service operations	\$ 88,589	\$ 19,598	\$ 45,629	\$ -	\$ -	\$ (23,362)	\$ (23,362)
Preschool program	28,101	11,019	-	-	-	(17,082)	(17,082)
Total business type activities	116,690	30,617	45,629	-	-	(40,444)	(40,444)
Total	\$ 3,301,262	\$ 121,155	\$ 456,541	\$ -	(2,683,122)	(40,444)	(2,723,566)
<u>General Revenues</u>							
Property tax levied for							
General purposes					1,380,326	-	1,380,326
Public education and recreation					10,993	-	10,993
Capital outlay					81,422	-	81,422
Statewide sales, services and use tax					201,449	-	201,449
Unrestricted state grants					1,028,934	-	1,028,934
Unrestricted investment earnings					196	-	196
Other					27,018	-	27,018
Special item - capital contribution					-	3,932	3,932
Special item - gain on sale of capital asset					5,203	-	5,203
Total general revenues and special items					2,735,541	3,932	2,739,473
Change in net position					52,419	(36,512)	15,907
Net position beginning of year					2,338,975	11,402	2,350,377
Net position end of year					\$ 2,391,394	\$ (25,110)	\$ 2,366,284

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014

Exhibit C

	General	Capital Projects Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 269,136	\$390,571	\$240,753	\$ 900,460
Receivables				
Property tax				
Delinquent	26,289	-	4,349	30,638
Succeeding year	1,208,185	-	205,686	1,413,871
Accounts receivable	648	-	-	648
Income surtax	106,829	-	-	106,829
Due from other governments	79,907	82,265	-	162,172
Due from other funds	41,425	-	-	41,425
Total assets	<u>\$1,732,419</u>	<u>\$472,836</u>	<u>\$450,788</u>	<u>\$2,656,043</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 7,049	\$ -	\$ 362	\$ 7,411
Due to other governments	259,702	-	-	259,702
Salaries and benefits payable	110,616	-	18,609	129,225
Total liabilities	<u>377,367</u>	<u>-</u>	<u>18,971</u>	<u>396,338</u>
Deferred inflows of resources				
Unavailable revenue				
Succeeding year property tax	1,208,185	-	205,686	1,413,871
Income surtax	106,829	-	-	106,829
Total deferred inflows of resources	<u>1,315,014</u>	<u>-</u>	<u>205,686</u>	<u>1,520,700</u>
Fund balances				
Restricted for				
Categorical funding	234,285	-	-	234,285
School infrastructure	-	472,836	-	472,836
Physical plant and equipment	-	-	105,870	105,870
Student activities	-	-	31,074	31,074
Management levy purposes	-	-	70,702	70,702
Public education and recreation	-	-	18,485	18,485
Unassigned	(194,247)	-	-	(194,247)
Total fund balances	<u>40,038</u>	<u>472,836</u>	<u>226,131</u>	<u>739,005</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$1,732,419</u>	<u>\$472,836</u>	<u>\$450,788</u>	<u>\$2,656,043</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2014

Exhibit D

Total fund balances of governmental funds	\$ 739,005
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**Amounts reported for governmental activities in the Statement of Net Position
are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,615,188
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Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	106,829
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Long-term liabilities, including termination benefits payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(69,628)</u>
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Net position of governmental activities	<u>\$2,391,394</u>
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OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

Exhibit E

		Capital Projects Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total
Revenues	General			
Local sources				
Local tax	\$ 1,271,319	\$ -	\$192,554	\$1,463,873
Tuition	42,543	-	-	42,543
Other	68,844	43	12,838	81,725
State sources	1,362,540	201,449	96	1,564,085
Federal sources	73,958	-	-	73,958
Total revenues	<u>2,819,204</u>	<u>201,492</u>	<u>205,488</u>	<u>3,226,184</u>
Expenditures				
Current				
Instruction				
Regular	1,315,735	-	33,785	1,349,520
Special	555,689	-	-	555,689
Other	121,246	-	9,140	130,386
	<u>1,992,670</u>	<u>-</u>	<u>42,925</u>	<u>2,035,595</u>
Support services				
Student	59,913	-	-	59,913
Instructional staff	21,412	-	-	21,412
Administration	242,809	16,848	48,538	308,195
Operation & maintenance of plant	185,338	-	61,057	246,395
Transportation	140,520	41,965	3,416	185,901
	<u>649,992</u>	<u>58,813</u>	<u>113,011</u>	<u>821,816</u>
Non-instructional programs	<u>-</u>	<u>-</u>	<u>6,285</u>	<u>6,285</u>
Other expenditures				
Facilities acquisition	-	207,136	12,188	219,324
AEA flowthrough	95,355	-	-	95,355
	<u>95,355</u>	<u>207,136</u>	<u>12,188</u>	<u>314,679</u>
Total expenditures	<u>2,738,017</u>	<u>265,949</u>	<u>174,409</u>	<u>3,178,375</u>
Excess (deficiency) of revenues over (under) expenditures	81,187	(64,457)	31,079	47,809
Other financing sources				
Disposal of capital assets	-	-	5,203	5,203
Change in fund balance	81,187	(64,457)	36,282	53,012
Fund balance, beginning of year	(41,149)	537,293	189,849	685,993
Fund balance, end of year	<u>\$ 40,038</u>	<u>\$ 472,836</u>	<u>\$226,131</u>	<u>\$ 739,005</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Exhibit F

Change in fund balances - total governmental funds \$ 53,012

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Expenditures for capital assets and current year depreciation expense are as follows:

Expenditures for capital assets	\$ 89,480	
Depreciation expense	<u>(74,797)</u>	14,683

Certain revenues not collected for several months after year-end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds.	5,604
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Termination benefits	(11,073)	
Other postemployment benefits	<u>(9,807)</u>	<u>(20,880)</u>

Change in net position of governmental activities \$ 52,419

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2014

Exhibit G

	<u>Nonmajor Enterprise</u>
Assets	
Current assets	
Accounts receivable	\$ 243
Due from other governments	1,626
Inventories	<u>2,690</u>
Total current assets	4,559
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>19,195</u>
Total assets	<u>23,754</u>
 Liabilities	
Current liabilities	
Due to other fund	41,425
Salaries and benefits payable	6,875
Unearned revenue	<u>564</u>
Total liabilities	<u>48,864</u>
 Net Position	
Investment in capital assets	19,195
Unrestricted	<u>(44,305)</u>
Total net position	<u>\$(25,110)</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit H

	<u>Nonmajor Enterprise</u>
Operating revenue	
Local sources	
Charges for service	<u>\$ 30,617</u>
Operating expenses	
Instruction	
Regular	
Salaries	20,657
Benefits	7,305
Supplies	139
	<u>28,101</u>
Non-instructional programs	
Food service operations	
Salaries and benefits	32,216
Benefits	5,373
Supplies	45,437
Depreciation	5,563
	<u>88,589</u>
Total operating expenses	116,690
Operating loss	<u>(86,073)</u>
Non-operating revenues	
State sources	606
Federal sources	45,023
Total non-operating revenues	<u>45,629</u>
Net loss before capital contributions	(40,444)
Capital contribution	<u>3,932</u>
Change in net position	(36,512)
Net position beginning of year	<u>11,402</u>
Net position end of year	<u>\$(25,110)</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit I

	<u>Nonmajor Enterprise</u>
Cash flows from operating activities	
Cash received from sale of services	\$ 30,007
Cash payments to employees for services	(30,286)
Cash payments to suppliers for goods and services	(41,070)
Net cash used in operating activities	<u>(41,349)</u>
Cash flows from non-capital financing activities	
State grants received	606
Federal grants received	40,743
Net cash provided by non-capital financing activities	<u>41,349</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities	<u>-</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	<u>\$ -</u>
 Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$(86,073)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	5,563
Commodities used	4,280
Decrease in accounts receivable	1,095
(Increase) in due from other governments	(1,626)
Decrease in inventory	598
Increase in salaries and benefits payable	2,680
(Decrease) in accounts payable	(372)
Increase in due to other funds	32,585
(Decrease) in unearned revenue	(79)
Net cash used in operating activities	<u><u>\$(41,349)</u></u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2014

Exhibit J

	Private Purpose Trust <u>Scholarships</u>
Assets	
Cash, cash equivalents and pooled investments	\$3,461
Liabilities	<u>-</u>
Net Position	
Reserved for scholarships	<u>\$3,461</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2014

Exhibit K

	Private Purpose Trust <u>Scholarships</u>
Additions	
Local sources	
Gifts and contributions	\$ 426
Deductions	
Supplies	<u>305</u>
Change in net position	121
Net position, beginning of year	<u>3,340</u>
Net position end of year	<u><u>\$3,461</u></u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies

The Olin Consolidated School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. The geographic area served includes the City of Olin, Iowa, and the agricultural territory in Jones County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Olin Consolidated School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The Olin Consolidated School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Project - Statewide Sales, Services and Use Tax Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets from the revenue of the Statewide Sales, Services and Use Tax.

The District reports no major proprietary funds. However, it reports two nonmajor enterprise funds, the School Nutrition Fund which is used to account for the food service operations of the District and the Preschool Fund which is used to account for the preschool operations of the District.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund consists of the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and early retirement are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the

government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	\$ 2,500
Improvements other than buildings	\$ 2,500
Intangibles	\$25,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings and improvements	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2014. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax and income surtax not collected within sixty days after year-end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and payments from students for meals not yet served.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or lunches served.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Equity - In the governmental fund financial statements, fund equity is classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation includes \$47,780 for management levy purposes, \$105,870 for physical plant and equipment, \$18,485 for public education and recreation, \$31,074 for student activities and \$472,836 for school infrastructure.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures in the instruction and other expenditures functional areas, as well as total expenditures, exceeded the amounts budgeted.

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014, the District had investments in the IPAS education as follows:

	Amortized Cost
Institutional Money Market Fund	\$883,086

At June 30, 2014, the District had investments in the IPAS education Program (the Fund) which invests in liquid investments that are placed in an SEC-registered money market fund in accordance with 17 C.F.R Section 270. 2a-7. The investments are valued at fair market value, which approximates amortized cost.

Interest rate risk. Because the Fund invests in short-term securities, a decline in interest rates will affect the Fund's yields as these securities mature or are sold and the Fund purchases new short-term securities with lower yields. Generally, an increase in interest rates causes the value of a debt instrument to decrease. The change in value for shorter-term securities is usually smaller than for securities with longer maturities.

Credit risk. This is the risk that a security's credit rating will be downgraded or that the issuer of a security or a guarantor will default (fail to make scheduled interest and principal payments or fail to fulfill its promise to repurchase securities). The Fund invests in securities issued by the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"). The entities, while chartered or sponsored by the U.S. Congress, are not funded by appropriations from the U.S. Congress and the debt or mortgage related securities issued by them are neither guaranteed nor insured by the United States Government. Nevertheless, the Fund will invest in only highly rated securities to minimize credit risk. This investment was not rated by Moody's Investor or Standard and Poor's Services.

Note 3. Due From and Due To Other Funds

The detail of interfund receivables and payables at June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Nonmajor Enterprise	
General	School Nutrition	\$ 26,936
	Nonmajor Enterprise	
General	Preschool	<u>14,489</u>
		<u>\$ 41,425</u>

The School Nutrition Fund and Preschool Fund had negative cash balances at June 30, 2014. Since they share a bank account with the General Fund, these negative cash balances are reported on the financial statements as interfund receivables and payables.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land and improvements	<u>\$ 61,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,296</u>
Capital assets being depreciated:				
Buildings and improvements	2,093,379	-	-	2,093,379
Site improvements	101,852	29,191	-	131,043
Furniture and equipment	<u>1,301,588</u>	<u>60,289</u>	<u>(122,913)</u>	<u>1,238,964</u>
Total capital assets being depreciated	<u>3,496,819</u>	<u>89,480</u>	<u>(122,913)</u>	<u>3,463,386</u>
Less accumulated depreciation for:				
Buildings and improvements	852,987	31,842	-	884,829
Site improvements	67,948	1,474	-	69,422
Furniture and equipment	<u>1,036,675</u>	<u>41,481</u>	<u>(122,913)</u>	<u>955,243</u>
Total accumulated depreciation	<u>1,957,610</u>	<u>74,797</u>	<u>(122,913)</u>	<u>1,909,494</u>
Total capital assets being depreciated, net	<u>1,539,209</u>	<u>14,683</u>	<u>-</u>	<u>1,553,892</u>
Governmental activities capital assets, net	<u>\$ 1,600,505</u>	<u>\$ 14,683</u>	<u>\$ -</u>	<u>\$ 1,615,188</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 56,170	\$ 3,932	\$ (6,209)	53,893
Less accumulated depreciation	<u>35,344</u>	<u>5,563</u>	<u>(6,209)</u>	<u>34,698</u>
Business type activities capital assets, net	<u>\$ 20,826</u>	<u>\$ (1,631)</u>	<u>\$ -</u>	<u>\$ 19,195</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 30,747
Support services	
Instructional support	552
Operation and maintenance	515
Transportation	<u>4,215</u>
	36,029
Unallocated depreciation	<u>38,768</u>
Total governmental activities depreciation expense	<u>\$ 74,797</u>
Business type activities	
Food services	<u>\$ 5,563</u>

Note 5. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance, Beginning			Balance, End	Due Within
	<u>of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>of Year</u>	<u>One Year</u>
Termination benefits	\$ 11,849	\$ 22,922	\$ 11,849	\$ 22,922	\$ 22,922
Net OPEB liability	<u>36,899</u>	<u>11,891</u>	<u>2,084</u>	<u>46,706</u>	<u>-</u>
Totals	<u>\$ 48,748</u>	<u>\$ 34,813</u>	<u>\$ 13,933</u>	<u>\$ 69,628</u>	<u>\$ 22,922</u>

There was no interest costs incurred and charged to expense during the year ended June 30, 2014.

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees. Eligible employees were required to be at least 55 years of age and have completed 20 years of consecutive service to the District. Employees working less than 20 years will be eligible for that proportion of the whole benefit that is equal to the ratio of years of service divided by 20. Employees must have completed an application, which was required to be approved by the Board of Education. The early retirement incentive for each eligible employee is 80 days of pay at the employee's annual base salary in effect during the year of the early requirement request. Payment of the benefit will be made in full within 90 days of the July 1st of the year of separation.

At June 30, 2014, two individuals had taken early retirement and the District's outstanding obligation for this benefit was \$22,922. These benefits will be paid by the District's Management Fund during the year ending June 30, 2015.

Note 6. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members were required to contribute 5.95%, 5.78% and 5.38% of their annual covered salary and the District was required to contribute 8.93%, 8.67% and 8.07% of annual covered payroll for the years ended June 30, 2014, 2013 and 2012 respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$89,628, \$94,298 and \$108,954, respectively, equal to the required contributions for each year.

Note 7. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$95,355 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 9. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2014 significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 10. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 52 active, of which 31 were excluded from the valuation due to various reasons, and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 10,969
Interest on net OPEB obligation	922
Adjustment to annual required contribution	<u>(2,084)</u>
Annual OPEB cost	9,807
Contributions made	<u>-</u>
Increase in net OPEB obligation	9,807
Net OPEB obligation beginning of year	<u>36,899</u>
Net OPEB obligation end of year	<u>\$ 46,706</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed nothing to the medical plan. Plan members eligible for benefits contributed nothing to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 12,271	23.2%	\$ 9,422
2011	12,473	28.4%	18,356
2012	13,335	32.4%	27,372
2013	9,527	0.0%	36,899
2014	9,807	0.0%	46,706

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$58,982, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$58,982. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$985,000 and the ratio of UAAL to covered payroll was 6.0%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2013 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 11. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Program

Home school assistance program	\$ 1,824
Gifted and Talented	19,466
At-risk	66,297
Foster care program	3,934
Beginning teacher mentoring and induction program	406
Salary Improvement Program	133,205
Statewide voluntary preschool	2,069
Educator quality, professional development	234
Educator quality, market factor incentives	997
Teacher leadership grants	<u>5,853</u>
	<u>\$ 234,285</u>

Note 12. Deficit Balances

The District had the following fund deficits at June 30, 2014:

- General Fund, unrestricted \$194,247
- Governmental Activities, unrestricted \$134,124
- Business Type Activities, unrestricted \$44,305
- Proprietary Fund, unrestricted \$44,305
- School Nutrition Fund, unrestricted \$27,223
- School Nutrition Fund, total net position \$8,028
- Preschool Fund, unrestricted \$17,082
- Preschool Fund, total net position \$17,082

Note 13. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment to GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised

requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Required Supplementary Information

OLIN CONSOLIDATED SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
All Governmental Funds and Proprietary Funds
Required Supplementary Information
For the Year Ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues						
Local sources	\$1,588,141	\$ 30,617	\$1,618,758	\$1,742,467	\$1,742,467	\$(123,709)
State sources	1,564,085	606	1,564,691	1,292,847	1,292,847	271,844
Federal sources	73,958	45,023	118,981	147,000	147,000	(28,019)
Total revenues	<u>3,226,184</u>	<u>76,246</u>	<u>3,302,430</u>	<u>3,182,314</u>	<u>3,182,314</u>	<u>120,116</u>
Expenditures/Expenses						
Instruction	2,035,595	28,101	2,063,696	1,955,000	1,955,000	(108,696)
Support services	821,816	-	821,816	827,000	827,000	5,184
Non-instructional programs	6,285	88,589	94,874	100,500	100,500	5,626
Other expenditures	314,679	-	314,679	304,395	304,395	(10,284)
Total expenditures/expenses	<u>3,178,375</u>	<u>116,690</u>	<u>3,295,065</u>	<u>3,186,895</u>	<u>3,186,895</u>	<u>(108,170)</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	47,809	(40,444)	7,365	(4,581)	(4,581)	11,946
Other financing sources	<u>5,203</u>	<u>3,932</u>	<u>9,135</u>	<u>-</u>	<u>-</u>	<u>5,203</u>
Change in fund balance	53,012	(36,512)	16,500	(4,581)	(4,581)	17,149
Balance, beginning of year	685,993	11,402	697,395	525,240	525,240	172,155
Balance, end of year	<u>\$ 739,005</u>	<u>\$(25,110)</u>	<u>\$ 713,895</u>	<u>\$ 520,659</u>	<u>\$ 520,659</u>	<u>\$ 189,304</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not adopt any budget amendments.

During the year ended June 30, 2014, expenditures in the instruction and other expenditures functional areas, as well as total expenditures, exceeded the amounts budgeted.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 65,120	\$ 65,120	\$ -	\$ 1,590,970	4.1%
2011	July 1, 2009	\$ -	\$ 56,183	\$ 56,183	\$ -	\$ 1,493,461	3.8%
2012	July 1, 2009	\$ -	\$ 56,183	\$ 56,183	\$ -	\$ 1,295,381	4.3%
2013	July 1, 2012	\$ -	\$ 58,982	\$ 58,982	\$ -	\$ 1,045,972	5.6%
2014	July 1, 2012	\$ -	\$ 58,982	\$ 58,982	\$ -	\$ 985,764	6.0%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Supplementary Information

OLIN CONSOLIDATED SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Schedule 1

	<u>Special Revenue</u>			<u>Capital Projects</u>	
	<u>Student Activity</u>	<u>Management Levy</u>	<u>Public Education & Recreation Levy</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
Assets					
Cash, cash equivalents and pooled investments	\$31,074	\$ 86,579	\$ 18,706	\$ 104,394	\$240,753
Receivables					
Property tax					
Delinquent	-	2,263	248	1,838	4,349
Succeeding year	-	110,000	11,381	84,305	205,686
Total assets	<u>\$31,074</u>	<u>\$198,842</u>	<u>\$ 30,335</u>	<u>\$ 190,537</u>	<u>\$450,788</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 362	\$ 362
Salaries and benefits payable	-	18,140	469	-	18,609
Total liabilities	<u>-</u>	<u>18,140</u>	<u>469</u>	<u>362</u>	<u>18,971</u>
Deferred inflows of resources					
Unavailable revenue					
Succeeding year property tax	-	110,000	11,381	84,305	205,686
Fund balances					
Restricted for					
Student activities	31,074	-	-	-	31,074
Management levy purposes	-	70,702	-	-	70,702
Public education and recreation	-	-	18,485	-	18,485
Physical plant and equipment	-	-	-	105,870	105,870
Total fund balances	<u>31,074</u>	<u>70,702</u>	<u>18,485</u>	<u>105,870</u>	<u>226,131</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$31,074</u>	<u>\$198,842</u>	<u>\$ 30,335</u>	<u>\$ 190,537</u>	<u>\$450,788</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

Schedule 2

	Special Revenue			Capital Projects	
	Student	Management	Public	Physical	
	Activity	Levy	Education & Recreation	Plant and Equipment	
			Levy	Levy	Total
Revenues					
Local sources					
Local taxes	\$ -	\$ 100,187	\$ 10,986	\$ 81,381	\$192,554
Other	9,019	2,307	3	1,509	12,838
State sources	-	50	5	41	96
Total revenues	<u>9,019</u>	<u>102,544</u>	<u>10,994</u>	<u>82,931</u>	<u>205,488</u>
Expenditures					
Current					
Instruction					
Regular	-	33,785	-	-	33,785
Other	9,140	-	-	-	9,140
Total instruction	<u>9,140</u>	<u>33,785</u>	<u>-</u>	<u>-</u>	<u>42,925</u>
Support services					
Administration	-	2,177	-	46,361	48,538
Operation and maintenance of plant	-	51,809	-	9,248	61,057
Transportation	-	3,416	-	-	3,416
Total support services	<u>-</u>	<u>57,402</u>	<u>-</u>	<u>55,609</u>	<u>113,011</u>
Non-instructional programs	<u>-</u>	<u>-</u>	<u>6,285</u>	<u>-</u>	<u>6,285</u>
Other expenditures					
Facilities acquisition	-	-	-	12,188	12,188
Total expenditures	<u>9,140</u>	<u>91,187</u>	<u>6,285</u>	<u>67,797</u>	<u>174,409</u>
Excess (deficiency) of revenues over (under) expenditures	(121)	11,357	4,709	15,134	31,079
Other financing sources					
Disposal of capital assets	-	-	-	5,203	5,203
Change in fund balances	(121)	11,357	4,709	20,337	36,282
Fund balances, beginning of year	31,195	59,345	13,776	85,533	189,849
Fund balances, end of year	<u>\$ 31,074</u>	<u>\$ 70,702</u>	<u>\$ 18,485</u>	<u>\$105,870</u>	<u>\$226,131</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2014

Schedule 3

	<u>School Nutrition</u>	<u>Preschool</u>	<u>Total</u>
Assets			
Current assets			
Accounts receivable	\$ -	\$ 243	\$ 243
Due from other governments	1,626	-	1,626
Inventories	<u>2,690</u>	<u>-</u>	<u>2,690</u>
Total current assets	4,316	243	4,559
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>19,195</u>	<u>-</u>	<u>19,195</u>
Total assets	<u>23,511</u>	<u>243</u>	<u>23,754</u>
Liabilities			
Current liabilities			
Salaries and benefits payable	4,039	2,836	6,875
Unearned revenue	564	-	564
Due to other funds	<u>26,936</u>	<u>14,489</u>	<u>41,425</u>
Total liabilities	<u>31,539</u>	<u>17,325</u>	<u>48,864</u>
Net Position			
Net investment in capital assets	19,195	-	19,195
Unrestricted	<u>(27,223)</u>	<u>(17,082)</u>	<u>(44,305)</u>
Total net position	<u>\$ (8,028)</u>	<u>\$ (17,082)</u>	<u>\$ (25,110)</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

Schedule 4

	School <u>Nutrition</u>	<u>Preschool</u>	<u>Total</u>
Operating revenue			
Local sources			
Charges for service	\$ 19,598	\$ 11,019	\$ 30,617
Operating expenses			
Instruction			
Regular			
Salaries	-	20,657	20,657
Benefits	-	7,305	7,305
Supplies	-	139	139
	<u>-</u>	<u>28,101</u>	<u>28,101</u>
Non-instructional programs			
Salaries	32,216	-	32,216
Benefits	5,373	-	5,373
Supplies	45,437	-	45,437
Depreciation	5,563	-	5,563
	<u>88,589</u>	<u>-</u>	<u>88,589</u>
Total operating expenses	<u>88,589</u>	<u>28,101</u>	<u>116,690</u>
Operating loss	<u>(68,991)</u>	<u>(17,082)</u>	<u>(86,073)</u>
Non-operating revenue			
State sources	606	-	606
Federal sources	45,023	-	45,023
Total non-operating revenue	<u>45,629</u>	<u>-</u>	<u>45,629</u>
Net loss before capital contributions	(23,362)	(17,082)	(40,444)
Capital contributions	<u>3,932</u>	<u>-</u>	<u>3,932</u>
Net loss	(19,430)	(17,082)	(36,512)
Net assets, beginning of year	<u>11,402</u>	<u>-</u>	<u>11,402</u>
Net assets, end of year	<u>\$ (8,028)</u>	<u>\$ (17,082)</u>	<u>\$ (25,110)</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

Schedule 5

	<u>School Nutrition</u>	<u>Preschool</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from sale of services	\$ 19,231	\$ 10,776	\$ 30,007
Cash payments to employees for services	(19,649)	(10,637)	(30,286)
Cash payments to suppliers for goods and services	(40,931)	(139)	(41,070)
Net cash (used in) operating activities	<u>(41,349)</u>	<u>-</u>	<u>(41,349)</u>
Cash flows from non-capital financing activities			
State grants received	606	-	606
Federal grants received	40,743	-	40,743
Net cash provided by non-capital financing activities	<u>41,349</u>	<u>-</u>	<u>41,349</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating (loss) to net cash (used in) operating activities			
Operating (loss)	\$ (68,991)	\$(17,082)	\$ (86,073)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities			
Depreciation	5,563	-	5,563
Commodities used	4,280	-	4,280
(Increase) decrease in accounts receivable	1,338	(243)	1,095
(Increase) in due from other governments	(1,626)	-	(1,626)
Decrease in inventory	598	-	598
Increase (decrease) in salaries and benefits payable	(156)	2,836	2,680
(Decrease) in accounts payable	(372)	-	(372)
Increase in due to other funds	18,096	14,489	32,585
(Decrease) in unearned revenue	(79)	-	(79)
Net cash (used in) operating activities	<u>\$ (41,349)</u>	<u>\$ -</u>	<u>\$ (41,349)</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund
Student Activity Accounts
For the Year Ended June 30, 2014

Schedule 6

Account	Beginning of Year	Revenues	Expenditures	End of Year
Drama	\$ 1,173	\$ -	\$ -	\$ 1,173
Band/vocal	1,139	-	-	1,139
PE super sport	134	-	-	134
ELP fundraising	178	-	-	178
Title I fundraising	130	-	-	130
School Projects	456	324	681	99
Interest	1,026	567	505	1,088
Concession stand	780	3,739	2,179	2,340
FFA	18,747	-	500	18,247
HS student council	441	-	-	441
Activity resale	574	1,217	1,217	574
School cents	886	-	-	886
Field trips	3,759	875	2,373	2,261
Wapsi League	1,200	-	216	984
Yearbook 2011-12	(1,530)	275	-	(1,255)
Yearbook 12-13	119	-	-	119
Class of 2012	130	-	-	130
6th Grade Fundraising	1,631	-	405	1,226
Library books fund	<u>222</u>	<u>2,022</u>	<u>1,064</u>	<u>1,180</u>
Totals	<u>\$ 31,195</u>	<u>\$ 9,019</u>	<u>\$ 9,140</u>	<u>\$ 31,074</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Local sources										
Local tax	\$ 1,463,873	\$ 1,611,422	\$ 1,497,148	\$ 1,457,251	\$ 1,352,394	\$ 1,328,377	\$ 1,289,067	\$ 1,221,115	\$ 1,261,054	\$ 1,103,347
Tuition	42,543	31,500	92,442	51,154	133,805	188,429	196,107	195,140	135,211	141,631
Other	81,725	94,878	236,854	273,046	102,399	180,461	202,653	181,100	157,115	127,149
State sources	1,564,085	1,301,057	1,418,099	1,257,472	1,006,187	1,331,417	1,295,023	1,238,393	1,149,570	1,404,505
Federal sources	73,958	88,882	111,012	184,912	254,257	118,313	115,255	110,762	108,852	134,412
Total revenues	\$ 3,226,184	\$ 3,127,739	\$ 3,355,555	\$ 3,223,835	\$ 2,849,042	\$ 3,146,997	\$ 3,098,105	\$ 2,946,510	\$ 2,811,802	\$ 2,911,044
Expenditures										
Current										
Instruction										
Regular	\$ 555,689	\$ 1,307,251	\$ 1,286,516	\$ 1,446,398	\$ 1,371,310	\$ 1,304,542	\$ 1,208,849	\$ 1,085,453	\$ 1,006,400	\$ 1,055,238
Special	130,386	445,331	378,894	410,257	554,873	407,573	373,021	445,043	334,170	272,467
Other	2,035,595	194,512	343,035	379,663	234,512	486,071	439,526	428,289	358,926	357,999
Support services										
Student	21,412	51,595	103,675	71,741	72,396	38,428	26,210	27,735	73,773	90,110
Instructional staff	308,195	15,218	30,255	75,853	51,656	43,600	32,795	39,805	51,793	70,641
Administration	246,395	310,421	360,585	291,169	284,596	304,201	269,966	254,561	268,665	331,405
Operation and maintenance of plant	185,901	214,373	216,482	226,800	239,362	251,808	235,720	230,471	221,176	238,578
Transportation	-	157,806	186,845	184,835	119,963	132,175	140,715	108,131	181,567	84,847
Non-instructional programs	-	6,036	6,119	25,363	4,260	7,893	10,504	7,132	6,872	1,383
Other expenditures	-	-	-	-	-	-	-	-	-	-
Facilities acquisition	-	67,208	272,322	135,917	83,236	24,566	34,216	19,136	71,692	77,892
Long-term debt	-	-	-	-	-	-	-	-	-	-
Principal	-	-	85,000	85,000	80,000	80,000	75,000	70,000	70,000	65,000
Interest and other charges	-	-	1,610	4,466	6,813	8,953	10,893	12,580	14,015	15,231
AEA flowthrough	3,178,375	89,989	91,170	101,975	100,743	97,205	93,442	91,381	89,392	92,552
Total expenditures	\$ 6,661,948	\$ 2,859,740	\$ 3,362,508	\$ 3,439,437	\$ 3,203,721	\$ 3,187,015	\$ 2,950,857	\$ 2,819,717	\$ 2,748,441	\$ 2,753,343

See accompanying Independent Auditor's Report.

Kay L. Chapman, CPA PC

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Olin Consolidated School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Olin Consolidated School District as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 23, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Olin Consolidated School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Olin Consolidated School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Olin Consolidated School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I

consider the deficiencies described in Part I of the accompanying Schedule of Findings as items A and B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Olin Consolidated School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Olin Consolidated School District's Responses to Findings

Olin Consolidated School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Olin Consolidated School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Olin Consolidated School District during the course of my audit. Should you have any questions concerning any of the about matters, I shall be pleased to discuss them with you at your convenience.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
March 23, 2015

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

- A. Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that the same individual performed the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

- B. Material Misstatement not Detected - During the course of my audit, I discovered one material misstatement on the District's Certified Annual Report (CAR) that was not detected by the District's internal controls. The cost of equipment disposed during the year was not removed from the general fixed asset account, resulting in an overstatement of \$101,972.

Recommendation - An effective system of internal control should detect material misstatements in the District's financial records and financial reporting. The District should review their control procedures and make appropriate changes to improve their internal controls to help eliminate this deficiency.

Response - We feel that our business manager has the knowledge needed to adequately perform her duties. The superintendent reviews some, but not all of the work performed

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

and reports prepared by the business manager. We would like to hire additional office personnel to help with the business manager's workload and to provide more oversight and cross-checking of her work. However, with a limited budget, it is difficult to hire enough adequately-trained office personnel to review each other's work. We will review our procedures and consider making changes we deem necessary.

Conclusion - Response accepted.

Part II. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2014 exceeded the amounts budgeted in the instruction and other expenditures functional areas and in total.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
6. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board. However, I noted that the minutes were not always published timely in compliance with Chapter 279.35 of the Code of Iowa.

Recommendation - The Code of Iowa states that the District must make available to the publisher the proceedings of all regular or special meetings, within two weeks of the adjournment of such meeting. I recommend the District submit the minutes to the publisher timely to comply with the Code of Iowa.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Response - This was an inadvertent oversight. We will make available the minutes of all meetings within the time limit required by the Code of Iowa.

Conclusion - Response accepted.

7. Certified Enrollment - One variance in the basic enrollment data certified to the Iowa Department of Education were noted. Basic resident student count certified to the Iowa Department of Education was understated by three students.

Recommendation - The District should contact the Iowa Department of Education and Iowa Department of Management to resolve this issue and correct the certified enrollment.

Response - We have contacted the Iowa Department of Education and Iowa Department of Management to correct the certified enrollment, as recommended.

Conclusion - Response accepted.

8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
10. Certified Annual Reports - The Certified Annual Report was certified timely to the Department of Education; however, there were some material misstatements as detailed in comment B in Part I of this Schedule of Findings.

Recommendation - The District should ensure that all reports are submitted in a timely manner in the future.

Response - We will ensure that future CARs contain correct information when it is filed with the Iowa Department of Education.

Conclusion - Response accepted.

11. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 537,293
Revenues		
Statewide sales and services tax revenue	\$ 201,449	
Other local revenues	<u>43</u>	201,492
Expenditures/transfers out		
School infrastructure		
Equipment	58,813	
Other improvements	<u>207,136</u>	<u>265,949</u>
Ending balance		<u>\$ 472,836</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

13. Deficit Balance - The District had the following deficits at June 30, 2014:

- General Fund, unrestricted \$194,247
- Governmental Activities, unrestricted \$134,124
- Business Type Activities, unrestricted \$44,305
- Proprietary Fund, unrestricted \$44,305
- School Nutrition Fund, unrestricted \$27,223
- School Nutrition Fund, total net position \$8,028
- Preschool Fund, unrestricted \$17,082
- Preschool Fund, total net position \$17,082

Recommendation - The District should investigate alternatives to eliminate these deficits in order to return this fund to a sound financial condition.

Response - The District is continuing to investigate alternatives to eliminate these deficits.

Conclusion - Response accepted.

OLIN CONSOLIDATED SCHOOL DISTRICT

Audit Staff

June 30, 2014

This audit was performed by

Kay Chapman, CPA

Terri Slater, staff accountant